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UNITED STATES DEPARTMENT OF AGRICULTURE  
Bureau of Agricultural Economics  
Washington

HS-7

May 18, 1937

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T H E H O G S I T U A T I O N  
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DEPOSITORY

Summary

The two most important factors in the present hog situation, according to the Bureau of Agricultural Economics, are the unusually large storage stocks of hog products and the high prices of corn compared with prices of hogs. The larger-than-average stocks of pork and lard that were accumulated this winter apparently have prevented the usual spring advance in hog prices. On May 1 the increase in storage holdings over a year earlier was equivalent to the products obtainable from about 2,700,000 hogs of average market weight.

The hog-corn price ratio has been much below average since last fall, and in April it was near the lowest level on record. The short supplies and high prices of corn have caused an early market movement of 1936 spring pigs, and also are causing marketings of fall pigs to be earlier than usual. In addition, the shortage and high prices of feed grains probably have resulted in a smaller spring pig crop this year than last.

With hogs from the 1936 fall pig crop being marketed relatively early, it seems probable that the seasonal reduction in hog marketings in the summer will be greater than usual. If corn crop prospects are favorable this summer, the number of sows bred for fall farrow probably will be larger than a year earlier. This retention of increased numbers of sows also will be a factor in reducing summer slaughter.

Hog prices changed very little from mid-January to early May, with average prices at Chicago fluctuating around the \$10 level. Prices rose sharply, however, in the second week of May. In view of the decrease in hog slaughter in prospect, it is probable that hog prices will advance considerably in the next few months. The decrease in hog slaughter this summer will be offset in part by a larger-than-average movement of hog products out of storage.

#### REVIEW OF RECENT DEVELOPMENTS

BACKGROUND - Hog prices advanced steadily from late November to early January when the weekly average price of hogs at Chicago reached \$10.41. Prices declined during the remainder of January and have been fairly steady during the past 3 months, fluctuating around a level slightly above \$10. Because of the drought of 1936, corn prices thus far in the 1936-37 marketing year have been high in relation to hog prices. The sharp advance in corn prices in late March and early April has caused the hog-corn price ratio in recent weeks to be near the lowest on record for this season of the year. Storage stocks of hog products increased greatly from October to February and are still very large.

Although hog prices averaged slightly lower in April than in March there was little change in prices from mid-January, through the first week of May. The Chicago average for April of \$9.97 was about 50 cents below that of the corresponding month last year. However, prices advanced sharply in the second week of May as slaughter was reduced materially. Because of the relatively greater shortage of hogs in the Western Corn Belt than in other regions, hog prices in the former area in recent months have been high in relation to those at Chicago.

#### Hog slaughter larger than year earlier

Slaughter of hogs under Federal inspection in April, totaling 2,810,000 head, was slightly smaller than in March but it was about 10 percent larger than in April 1936. In every month thus far in the current hog marketing year, beginning last October, slaughter has exceeded that of the corresponding month a year earlier. For the October-April period inspected slaughter, although below average, was about 34 percent larger than in the same months of 1935-36 and 13 percent greater than in 1934-35. The larger slaughter thus far in 1936-37 compared with a year earlier reflects not only the larger pig crops in 1936 than in 1935 but also the earlier-than-usual marketings of hogs this year, which resulted from the shortage and high prices of feed grains.

Hog-corn price ratio near record low level

Steady hog prices and advancing corn prices in March and April resulted in a further decline in the hog-corn price ratio. Based on prices received by producers in mid-April, the hog-corn ratio of 7.6 in the North Central States was the lowest for the month on record. For the United States as a whole, the ratio in April was the lowest on record for the month, except for 1934.

Wholesale prices of fresh pork advanced during April, but prices of cured pork were about steady. Lard prices weakened somewhat, late in the month. Prices of fresh pork have been advancing steadily since late January, whereas prices of cured pork and lard have been steady to lower during this period. As compared with a year earlier wholesale prices of fresh pork and lard in April were slightly higher, while prices of cured pork were somewhat lower.

Storage stocks continue large

Storage holdings of pork on May 1 were about the same as a month earlier, but they were materially larger than a year earlier and were above average for that date. Although stocks of lard were reduced slightly during April, the total on May 1 was the largest for that date on record. The increase in stocks of hog products on May 1 this year over those of a year earlier is roughly equivalent to the products obtainable from about 2,700,000 hogs of average market weight. This number is nearly as large as the inspected hog slaughter in March.

Storage holdings of pork and lard on May 1, average 1932-36,  
annual 1935-37, and April 1, 1937

Item	: May 1 : average : 1932-36	: May 1, : 1935	: May 1, : 1936	: Apr. 1 : 1937	: May 1 : 1937 : 1/
	: 1,000	1,000	1,000	1,000	1,000
	: <u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Pork:	:				
Frozen .....	170,550	177,837	102,031	328,383	316,486
Dry salt, cured :					
and in process of :					
cure .....	97,083	71,265	90,167	89,164	91,731
Pickled, cured and :					
in process of :					
cure .....	353,926	315,779	265,204	338,230	348,138
Total .....	621,559	564,881	457,402	755,777	756,355
Lard .....	109,368	101,224	83,615	217,227	210,537
	:				

1/ Preliminary.

Stocks of pork and lard increased greatly from November to February, and have continued relatively large. Partly because of the larger-than-average storage holdings and partly because the seasonal decrease in hog slaughter after January was less than average, hog prices did not advance in late winter and early spring of this year as they usually do during that season. Usually stocks of pork are reduced materially from late spring to early fall. The present large stocks, therefore, will add considerably to the quantity of hog products to be moved into consumption channels during the coming summer.

#### Exports of hog products at low levels

Exports of pork and lard in the first 6 months (October - March) of the present marketing year were about the same as the record small volume of exports during the same period of last year. From January through March exports of lard have been somewhat smaller than those of the corresponding months of 1936.

#### Imports of pork increase

Imports of pork thus far in 1936-37 have been considerably larger than in 1935-36 and have been much larger than average, as indicated in the accompanying table. In December, probably for the first time on record, imports of pork exceeded exports of that product. Larger imports than exports also were reported for the period from January through March. For the December - March period, the excess of imports over exports amounted to about 7,900,000 pounds. Despite the recent marked increase in imports, they are still very small in relation to the domestic production of hog products. For the period December through March, the total dressed weight of inspected hog slaughter amounted to 2,284,000,000 pounds.



Exports of lard and exports and imports of pork, by months,  
average 1930-31 to 1934-35, annual 1935-36 and 1936-37

	Exports of lard			Exports of pork			Imports of pork			1/
	: Average:	:		: Average:	:		: Average:	:		
	: 1930-31:	:		: 1930-31:	:		: 1930-31:	:		
Month	: to	: 1935-36:	1936-37:	: to	: 1935-36:	1936-37:	: to	: 1935-36:	1936-37:	
	: 1934-35:	:		: 1934-35:	:		: 1934-35:	:		
	: 1,000	1,000	1,000	: 1,000	1,000	1,000	: 1,000	1,000	1,000	
	: pounds	pounds	pounds	: pounds	pounds	pounds	: pounds	pounds	pounds	
Oct. ....	: 43,471	2,769	10,536	: 10,601	4,656	4,249	: 325	1,213	3,495	
Nov. ....	: 36,736	7,988	2,663	: 14,391	6,885	6,822	: 367	1,266	3,914	
Dec. ....	: 46,988	7,898	9,473	: 10,978	4,934	4,145	: 329	1,231	5,794	
Jan. ....	: 55,705	10,161	8,855	: 11,227	4,768	3,521	: 262	2,250	5,832	
Feb. ....	: 49,645	7,570	4,518	: 10,330	3,698	4,643	: 292	1,960	6,129	
Mar. ....	: 40,386	11,566	7,376	: 10,603	4,837	5,112	: 444	2,922	7,572	

Compiled from reports of the United States Department of Commerce.

Lard includes neutral lard, and pork includes bacon, hams and shoulders, and fresh, canned and pickled pork.

1/ General imports prior to 1934; beginning January 1, 1934, imports for consumption.

The increase in pork imports in recent months has been largely in shipments of canned hams, mostly from Poland. The principal reason for the increase in imports of pork has been the greater advance in prices of hogs and pork in the past 3 or 4 years in this country than in foreign countries. For example, the average price of hogs in Chicago in early 1937 was about 160 percent higher than in 1932, while prices of hogs in Poland in the first 3 months of 1937 were only about 50 percent higher than in 1932.

In 1932 when hog prices in the United States were at record low levels, imports of pork were negligible. The reasons for the advance in hog prices since 1932 have been the improvement in domestic consumer demand and a reduction in slaughter supplies of hogs. The very small imports in 1932 were not a factor in causing the low level of hog prices in that year; and, although imports of pork in recent months have been much larger than in 1932, it does not seem probable that they have had any significant effect upon hog prices in the United States.

## OUTLOOK

BACKGROUND - In earlier issues of this report it was indicated that hog slaughter during the summer season, May through September 1937, probably would be smaller than that of a year earlier. But it was stated that the decrease in slaughter during this period would be more than offset by the increase in storage stocks of pork and lard. Despite the larger total supplies of hog products in prospect for the remainder of the 1936-37 marketing year, hog prices probably will average at least as high as or slightly higher than in the summer season last year. The 1937 spring pig crop probably will be smaller than that of 1936, in view of the very high corn prices in relation to hog prices prevailing in the last several months.

In view of the unfavorable hog-corn price ratio, it appears that the market movement of fall pigs from many areas is being completed earlier than usual this year. In some areas, notably the Western Corn Belt, a large number of fall pigs probably are being carried over on grass to be finished on new crop small grains and new crop corn. In early May market receipts were sharply reduced, and during the next few months slaughter supplies of hogs are expected to be considerably smaller than a year earlier.

If corn crop prospects are favorable this summer, the number of sows bred for fall farrow probably will be larger than a year earlier. The retention of the larger number of sows for breeding will tend to curtail further the supply of hogs available for market from July to September. Hence, if crop conditions this year are average or better than average, inspected hog slaughter from May through September will be materially smaller than that in the corresponding period last year, when drought conditions resulted in considerable liquidation of bred sows and spring pigs.

Although hog slaughter in the summer season is expected to be smaller than that of last year this reduction will be more than offset by larger stocks of hog products on hand on May 1 this year than a year earlier. Consumer demand this summer, however, may be somewhat stronger than last year.

Consequently, in view of the seasonal and perhaps greater than seasonal reduction of hog slaughter in prospect, it is expected that hog prices will advance considerably during the next few months, with the higher level of prices probably being fairly well maintained during the early fall.

If corn production this year is more nearly normal, the ratio between hog prices and corn prices probably will be favorable for hog producers next fall. A favorable ratio doubtless will result in 1937 spring pigs to be fed longer and to heavier weights than is usually the case, and thereby cause the proportion of such pigs marketed before January 1 to be relatively small. Under these conditions the seasonal increase in hog marketings in the fall will be less than usual. Such a situation would be quite different from that of the present marketing year, following the 1936 drought, and also from that of 1934-35, following the 1934 drought. In both of these years the hog-corn price ratio was much below average in the fall months, and the proportion of the spring pig crop marketed before January 1 was relatively large.

EUROPEAN HOG PROSPECTS 1/

A marked increase in hog slaughter in European countries was reported in the last quarter of 1936, but during the first three quarters of that year slaughter was slightly smaller than in the corresponding period of 1935. Latest census enumerations indicate that hog slaughter in most countries of Europe will continue large during the first half of 1937. High prices of feed, generally, in the winter of 1936-37 have tended to curtail hog production, and some decrease in hog slaughter is expected in the late months of this year and in 1938.

The quotas for imports of pork in Great Britain are being continued in 1937 and the quantity of imports permitted thus far this year has been slightly larger than that of a year earlier. The United States' share of the British quota continues to be 8.1 percent of the total imports from countries outside the British Empire. In recent months, however, imports from the United States have been less than the quantity permitted by the quota. The deficit in United States imports has been temporarily allocated by the British Government to the other importing countries.

Hog numbers in Germany at the beginning of March were about 3 percent larger than a year earlier. The increase over a year earlier in March, however, was smaller than that reported in December. Short supplies and high prices of feeds along with recent changes in fixed prices for hogs in Germany are expected to result in some decrease in hog numbers in that country later this year and next year.

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1/ Based largely upon reports from H. E. Reed, Agricultural Commissioner, Foreign Agricultural Service, Berlin, Germany.

The number of hogs in Denmark at the beginning of 1937 was about the same as that of early 1936, but in late March 1937 the number was smaller than at any time since July 1935. Since the number of slaughter hogs in early 1937 was larger than a year earlier, Danish hog slaughter in the first half of 1937 probably will be larger than in 1936. In the last half of 1937, however, hog slaughter is expected to be smaller than a year earlier.

Hog slaughter in Poland in 1936 was larger than in 1935 and a further increase was reported in early 1937. At the end of June 1936 the number of hogs in Poland was reported to be about 7,055,000 head, which was about 5 percent larger than a year earlier. Exports of pork from Poland in 1936 were larger than in 1935. Bacon and ham shipments to the United Kingdom comprised the bulk of the Polish exports of pork, although the proportion represented by shipments of canned hams to the United States increased greatly in 1936. Short supplies and high prices of feeds are expected to check the tendency for expansion in hog numbers in Poland during the remainder of this year. Because of short feed supplies, the Polish Government has recently placed an embargo on exports of grains until the 1937 crops are harvested.

In general, Europe as a whole produces a smaller quantity of hog products than is needed for European consumption requirements. The increase in hog production in recent years, however, has reduced materially the need of Europe for imported pork. On the other hand fat production in Europe is still considerably short of Europe's feed for fats. In several countries increases in hog production have been made possible by larger imports of feedstuffs.

In view of these considerations it seems unlikely that exports of pork from European countries to the United States will ever become very large, despite the recent increase in imports of hams from Poland. As hog production in this country is increased to a more normal level with the return of average feed crops, a considerable decrease in imports of pork is probable, and it is likely that the United States will return to a net exporting basis for pork. If feed crop production in 1937 and 1938 is about average, domestic hog slaughter in 1939 and 1940 probably will not be far below the average level of slaughter prevailing before the 1934 drought.



## Supplies of hogs and hog products, specified periods

		Oct. - Sept.				Oct. - Mar.			
		Mar.	Feb.	Mar.	Average:				
Item	Unit	1936	1937	1937	1928-29:	1934-	1935-	1935-	1936-
					to	35	36	36	37
					1932-33:				
Inspected	thou-								
slaughter <u>1/</u>	sands	2,617	2,842	3,033	46,363	30,680	31,022	15,796	21,859
Live weight:									
Average	pounds:	229	219	220	231	220	232	228	216
Total	mil.lb.	598	623	666	10,723	6,742	7,191	3,596	4,711
Dressed weight:									
Average	pounds:	174	164	165	175	164	175	172	161
Total	mil.lb.	454	464	499	8,069	5,012	5,402	2,707	3,500
Yield of lard per									
100 pounds live									
weight of hogs...	pounds:	12.7	11.6	11.5	15.2	11.6	12.1	11.6	11.5
Production of									
lard	mil.lb.	76	72	77	1,630	790	870	418	541
Apparent consumption-									
Pork, incl. lard	mil.lb.	443	404	498	7,171	5,102	5,124	2,437	2,946
Lard	" "	66	48	54	961	730	712	339	375
Exports <u>2/</u> :									
Pork	" "	5	5	5	211	104	69	30	28
Lard	" "	12	5	7	657	142	101	48	50
Imports of pork <u>2/</u> :	" "	3	6	8	6	7	32	11	33
Proportion of sows:									
in inspected									
slaughter <u>3/</u>	percent:	45.6	48.0	48.5	51.2	51.3	52.0	47.7	49.1

1/ Bureau of Animal Industry.2/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard.3/ Includes gilts.

## Prices of hogs and hog products, specified periods

Item	Unit	Oct.-Sept.					Oct.- Apr.		
		Average:							
		Apr. 1936	Mar. 1937	Apr. 1937	1928-29 to 1932-33	1934-35	1935-36	1935-36	1936-37
	:Dolls. :								
Average price:	:per 100:								
Seven markets ....	:pounds :	10.20	9.96	9.85	<u>1</u> /	8.18	9.64	9.69	9.70
Chicago .....	" :	10.47	10.11	9.97	6.99	8.42	9.90	9.95	9.91
U. S. average price :	:								
received by :	:								
farmers .....	" :	9.38	9.17	9.04	6.48	7.54	9.15	9.09	9.11
Prices of hog :	:								
products, Chicago:	:								
Loins, 8-10 lb. :	" :	20.97	20.39	21.56	17.07	20.08	21.21	20.75	19.13
Hams, smoked, reg. :	:								
No.1, 10-12 lb. :	" :	25.62	22.95	23.50	20.31	21.62	26.53	26.86	23.36
Bacon, smoked, :	:								
No.1 dry cure, :	:								
6-8 lb. ....	" :	30.15	26.95	26.88	23.71	28.24	30.86	31.84	27.23
Lard, refined, :	:								
H.W. tubs .....	" :	11.90	13.15	12.62	9.68	14.29	12.65	13.14	13.11
Composite wholesale :	:								
price of hog pro- :	:								
ducts, New York.....	" :	20.99	20.38	20.49	17.36	20.49	21.93	22.30	20.53
Average price of :	:								
No.3 Yellow corn, :	Cents :								
Chicago .....	:per bu.:	63	116	135	62	86	74	64	113
Hog-corn price :	:								
ratio <u>2</u> / :	:								
Chicago .....	:bushel :	16.6	8.7	7.4	11.6	9.9	14.1	15.7	8.8
North Central :	:								
States .....	" :	19.2	9.0	7.6	12.9	10.0	15.8	17.9	9.0
Proportion of packing :	:								
sows in total packer :	:								
and shipper purchases :	:								
seven markets <u>3</u> /...	:percent:	5.0	4.0	5.0	<u>1</u> /	<u>1</u> /	16.0	8.0	6.0
Average weight at :	:								
seven markets .....	:pound :	241	227	227	<u>1</u> /	229	241	235	218
	:								

1/ Not available.

2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

3/ Monthly figures computed from weekly averages.

# HOGS: PRICE AT CHICAGO AND FEDERALLY INSPECTED SLAUGHTER, 1934 TO DATE

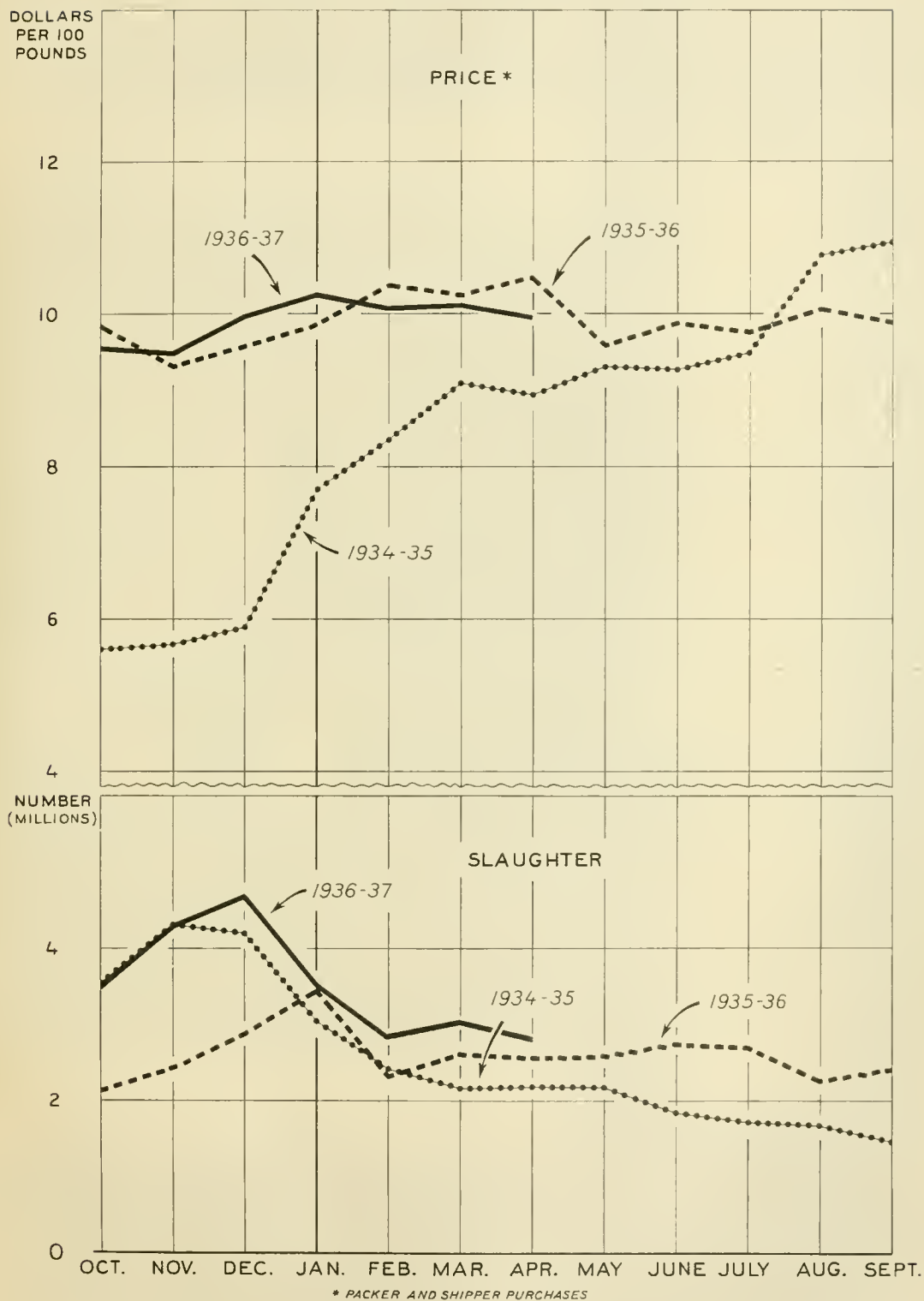


FIGURE 1

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